STATE OF VERMONT
PUBLIC SERVICE BOARD

Docket No. 6533

Application of Verizon New England Inc. d/b/a Verizon Vermont for a Favorable Recommendation to Offer InterLATA Services Under 47 U.S.C. § 271	))))	Hearings held at Montpelier, Vermont November 28, 29, and 30 December 4 and 13, 2001

Dated: February 6, 2002

PRESENT: Michael H. Dworkin, Board Chairman
David M. Coen, Board Member
John D. Burke, Board Member

PARTIES: *See Appendix A*

COMMENTS ON FEDERAL PROCEEDING

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1. Introduction

Verizon[1] has applied to the Federal Communications Commission ("FCC") for authorization to provide In-Region, InterLATA Service in the State of Vermont. In a public notice issued January 17, 2002, the FCC requested comment on this application. This is a consultation report to the FCC under 47 U.S.C. § 271(d)(2)(B) in relation to that application. The report is filed by the Vermont Public Service Board ("Board"), which is the "state commission" in Vermont in this context.

In this report, the Board verifies the compliance of Verizon with the requirements of 47 U.S.C. § 271(c). Based upon this analysis, the Board recommends that Verizon's application be approved, subject to conditions stated and explained below. Also as described below, we note that Verizon has already complied with all of the conditions that were imposed by this Board.

2. Procedural History

Verizon initiated the present proceeding with a filing on August 7, 2001. In its filing, Verizon asked the Board to consider whether Verizon had established that it was complying with the requirements of Section 271 of the federal Telecommunications Act of 1996 (the "Act"). As a result, the Board reviewed Verizon's compliance with the Act's 14-point Competitive Checklist in 47 U.S.C. § 271(c), expecting that it would file a report on that compliance with the FCC when Verizon sought long distance relief from the FCC.

The Board opened the present docket to consider Verizon's request, and party status was granted to the entities listed in Appendix A. Within the docket, the Board conducted a comprehensive investigation of Verizon compliance with the statutory requirements enumerated in Section 271(c) of the Act. The investigation considered the declarations, exhibits, briefs and other comments submitted by Verizon, the Department of Public Service ("Department"), other

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1. "Verizon" here means Verizon New England, Inc. (d/b/a Verizon Vermont), Bell Atlantic Communications, Inc. (d/b/a Verizon Long Distance), NYNEX Long Distance Company (d/b/a/ Verizon Enterprise Solutions), Verizon Global Networks Inc., and Verizon Select Services Inc.

telecommunications providers, and interested persons. Responses to data requests were also reviewed.

To ensure that the review was comprehensive, the Board's senior telecom staff held five days of evidentiary hearings. All declarations filed before the hearings, and all exhibits, were subjected to cross examination.[1] Parties contested Verizon's compliance with seven of the checklist items, the billing components of the OSS system, and Verizon's Performance Assurance Plan ("PAP"). Our inquiry was not formally a "contested case" under Vermont law, but it had many of the elements of such a case and laid a firm foundation for our recommendation set out herein.

The Board's evaluation of Verizon's compliance with the competitive checklist and other requirements of Section 271 is also informed by decisions in prior dockets. As we explain in more detail below, parties did not challenge Verizon's compliance with many elements of the checklist. For example, with minor exceptions, no party raised concern over Verizon's pricing of unbundled network elements. This is probably because the Board has fully considered the pricing of unbundled network elements in several prior proceedings. In order to fully understand the Board's recommendations here, it is also useful to understand the more significant elements in these prior Board decisions. Those decisions are summarized in Appendix B.

3. Legal Framework

The FCC must consult with the Vermont Public Service Board before making a decision under 47 U.S.C. § 271 to grant Verizon permission to offer certain in-region inter-LATA services in Vermont. The subject of that consultation is verification of Verizon's compliance with subsection (c) of section 271 of the Act.[1] Subsection (c) includes a list of fourteen items

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2. Transcripts of those hearings have been filed with the Commission by Verizon. See Appendix C, tabs 9–12 and 15, of Verizon's application.

3. 47 U.S.C. § 271(d)(3).

known as the "competitive checklist." In addition, the FCC must consider whether granting Verizon's request is "consistent with the public interest, convenience, and necessity."[1] The following discussion considers first the public interest questions, and thereafter the competitive checklist items.

4. 47 U.S.C. § 271(d)(3)(C).

4. Public Interest

A. Over-Arching Considerations

The Public Service Board has made the broad and ubiquitous extension of advanced services to Vermonters a priority in virtually all of its telecommunications decisions. For incumbent telecommunications carriers, the predominant form of such services is Digital Subscriber Line or "DSL" services. Strong demand for DSL services exists within the state of Vermont, as evidenced by the relatively high penetration of DSL services in areas of Vermont served by other Vermont incumbent local exchange carriers and enrollment for broadband internet services from cable broadband providers in the limited parts of Vermont served by cable providers.

Some Verizon customers do receive DSL service from Verizon,[1] but service is available only to customers located in certain wire centers.[1] Verizon's marketing has also been quite limited. In this context, the Board has been disappointed with Verizon, and understands that the situation is largely the result of conscious choice by Verizon. At this time, Verizon has elected not to expand its DSL services offerings here, despite evidence of significant demand for such services.

The Board's approach to this Verizon section 271 application, and in particular its Performance Assurance Plan, reflects 1) our concern about Verizon's deferred deployment of DSL, 2) our belief in the merits of allowing customers to buy long-distance services from Verizon, and 3) our desire to ensure that Verizon does not engage in anti-competitive behavior that deters meaningful competition within Vermont.

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5. DSL services are now available in Vermont through Verizon's associated company, Verizon Advanced Data, Inc.

6. The total number of served customers has been treated as proprietary.

Given Verizon's position on DSL deployment,[1] the public interest requires other ways to get broadband services to Vermont customers. If Verizon is not willing or able to provide customers directly with broadband services, the Board — and the FCC — must take steps to strengthen the ability of competitive local exchange carriers to offer those broadband services. Thus it is critical to the general good of the state that Verizon offer high quality wholesale services to CLECs that offer DSL to retail consumers. Without adequate wholesale services, it is unlikely that a competitive DSL marketplace can grow and survive in Vermont. Thus, our determination that Verizon has met the obligations of Section 271 and our favorable recommendation to the FCC were expressly conditioned on several changes designed to make possible effective DSL offerings by Verizon's competitors.[1]

The Board also has had in mind a second general consideration in this proceeding. The Board expects that significant public benefits will follow any FCC decision to grant Verizon's application. First, Vermont customers would have greater choice in toll services. The Board anticipates that Verizon will offer a full range of services to its customers, and this will stimulate competition in already highly competitive toll markets. More important, local exchange competition will be stimulated. When other national local exchange competitors see Verizon able to offer a full range of telecommunications services to Vermont customers, the Board anticipates that these carriers will be encouraged to expand their currently limited local exchange marketing efforts in the state. This will promote customer choice in local exchange services as well.

7. See above, and, e.g., letter of 11/6/2001 from Thomas J. Tauke, Verizon Senior Vice President, and Michael E. Glover, Senior Vice President and Deputy General Counsel, to Hon. Michael Powell, Chairman, FCC.

8. Specifically, the changes are a reduction of non-recurring charges for DSL services, the addition of several critical measures for DSL services, and the reallocation of potential penalty dollars to DSL, so that failure to meet DSL performance standards will incur significantly larger payments than under the original Performance Assurance Plan.

As to the third factor, the Board has actively established the essential pricing and other components needed to permit fair competition and we have addressed the relevant concerns raised in this proceeding in several ways that are detailed below.

1. Performance Assurance Plan

Verizon proposed a comprehensive, self-executing, wholesale service performance enforcement mechanism, the Verizon Performance Assurance Plan ("PAP"). The Vermont PAP is modeled on the New York plan, and is substantially the same as plans approved for Verizon in proceedings involving New York, Massachusetts, and Connecticut. Additionally, the Vermont PAP evaluates performance in a broad sub-set of the measures recently adopted by the Board in Docket 6255.[1]

For several reasons, discussed in detail below, the PAP as originally filed was not satisfactory to the Board. The Board suggested numerous changes, and Verizon accepted those changes. A revised PAP, consistent with Verizon's agreement with the Board, was filed on January 28, 2002.[1]

The Board concludes that Verizon's revised PAP is consistent with the public interest, convenience and necessity, as required under 47 U.S.C. § 271(d)(3)(C). The revised PAP will provide a comprehensive, effective, self-executing enforcement mechanism that will deter backsliding and the provision of substandard performance. As modified, the PAP will enhance, to an adequate degree, the pragmatic likelihood that the measures and metrics will adequately deter anti-competitive behavior by Verizon.

This is not to say that the PAP is fully mature. While the existing PAP is sufficient to support an application under section 271, it can be further improved. The Board has authority under state law to mandate such further improvements.[1] The following discussion is intended to

9. Docket 6355, Order Approving Carrier to Carrier Standards, 12/12/2001.

10. As specified therein, the PAP will become effective in the first full calendar month after Verizon enters the long distance market in Vermont.

11. Verizon acknowledged that its approval of this PAP does not decrease the Board's state law authority. The Board believes that these powers, as set out in Title 30 V.S.A., include supervision of the terms and conditions of service provided by telephone companies in Vermont, including both wholesale and retail offerings.

explain the Board's actions with regard to the original PAP, as well as to indicate some areas of possible continuing weakness in the PAP.

Metrics

Verizon's proposed PAP selects a sub-set of measurements from the metrics included in the Carrier to Carrier Guidelines. Verizon's performance is measured each month against either Verizon's comparable performance for its CLEC customers, or against predefined benchmarks in order to calculate a performance score on each metric.

The Department proposed subjecting several additional measurements to the PAP. Two measures were added:

- PR 8-01, Open orders on Hold Status >30 Days.
- PR 8-02, Open orders on Hold Status >90 Days.

Each of these measures will be included in "Mode of entry" calculations,[1] in the context of both "POTS" and "Specials," and in both the Resale and UNE categories. In each case a weight of 5 will be used. Several proposals from the Department were not accepted, because they seemed either redundant or inappropriate for Vermont at present.

The Board also found that wholesale billing metrics were inadequate in the PAP. The revised PAP includes two additional metrics that were adopted in the Rhode Island section 271 proceeding. These are:

- BI-3-04, % CLEC Billing Claims Acknowledged Within Two Business days; and
- BI-3-05, % CLEC Billing Claims Resolved Within 28 Calendar Days After Acknowledgement.

These measures will be used in a new "Special Provision" to which a sum of $100,000 annually will be committed.

Statistical Methodology

The Verizon PAP was designed so that no penalty would be possible unless the data first established, to a statistical confidence level of 95%, that a deviation from the standard of performance had occurred. The PAP is quite complex and uses a variety of measures, including so-called "parity" and "benchmark" measures of various types. Nevertheless, this statistical standard of the 95% confidence level underlies all measures of performance, regardless of type.

AT&T and the Department demonstrated several problems with the PAP's statistical methodology, including problems in dealing with small sample sizes frequent in Vermont, and particularly the way in which the PAP addresses "Type I" and "Type II" error. A Type I error occurs when Verizon pays a penalty although its performance actually meets the standard. Thus Verizon bears the risk of harm from a Type I error. A Type II error occurs when Verizon misses the standard of performance but the statistical methodology produces a result showing no violation. Wholesale customers bear the risk of harm from a Type II error.

Ideally, the Board believes a PAP should reflect a balance among several factors. These include not only the probabilities of Type I and Type II error, but the harm to be anticipated from each type of failure. Thus a balanced plan should consider not only the nature of the harm when Verizon is improperly required to pay a penalty (Type I), but also the nature of the harm when competitors receive inferior service but Verizon is not required to pay anything (Type II).

12. "Mode of entry" calculations are discussed below.

By selecting a 95 percent confidence level, Verizon has ensured that it will seldom pay a penalty due to a Type I error. However, Verizon made no effort in its PAP to minimize Type II error. Indeed, Verizon maintains that Type II error cannot be measured or adjusted for, and further, has no commercial significance. By contrast, AT&T contended that Type II error can and should be corrected, and it proposed a unique "error-balancing" methodology. The Department also proposed altering the PAP's scoring methodology[1] and lowering the confidence level of the PAP as a means of roughly accounting for Type II error.[1]

13. See generally, testimony by Department witness Brevitz.

14. Verizon contends that the Department's recommended complete elimination of "minus-1 correction" reduces the confidence level to 79%. The Board believes that such action reduces confidence to a level below 95%, but not necessarily to as low as 79%.

The Board accepts a portion of Verizon's argument here. It is true that the probability of Type II error is greatest where the Verizon's performance for its competitors is only slightly worse than its performance for itself. Verizon correctly notes that at least some such differences may have little or no commercial significance.[1] Another way of saying the same thing is that the PAP is designed to penalize primarily significant and commercially substantial breaches of parity. Verizon's analysis, however, overlooks the possibility that its PAP would be insensitive to a pattern of performance in which competitors receive services that are consistently slightly worse than those provided to Verizon itself. Such a slight difference would still be a failure under the parity standard in the Act, but would not be reflected in the PAP. Specifically, the Department recommended eliminating Verizon's proposal to allow adjustment of "minus-1" scores based upon subsequent performance.

Verizon strongly defended this feature of its PAP, despite the apparent fact that the plan is heavily balanced to minimize risk to Verizon but without reducing or even measuring the risk to its customers. Ultimately, the Board has decided to support Verizon's application, despite these problems. Two other features of the PAP figured in this decision.

First, although individual performance measures, defined at the 95% confidence level, may be relatively insensitive, when the PAP does perceive a failure, it generates a significant financial penalty. Thus if the probability of detection is not ideal, it is compensated by the significant consequences of detection. A deterrent effect is still possible under these conditions.

On some occasions the penalties, and the associated payments to CLECs, may even be quite large in proportion to the specific harm. For example, the Board noted that a full failure of the OSS system for one day would generate payments under the PAP of approximately $500,000.[1] The PAP has rules for allocating such payments to each CLEC operating in Vermont. Given the small number of CLEC customers now served in Vermont, a CLEC might receive payments greatly in excess if its actual harm from such a one-day OSS failure. Indeed, a CLEC would receive some payments even if it had not attempted to use the OSS on the day it

15. Verizon contends that in circumstances where Type II error is most likely, potential CLEC harm is "imperceptible."

16. Of course the financial effects of a system-wide OSS failure would be multiplied in other Verizon-North states.

failed and thus had suffered no harm at all. These aspects offset the lack of Type II responsiveness in the PAP.

Second, the PAP typically operates on small sample sizes in Vermont. In working with the PAP spreadsheet that calculates compliance and penalties, the Board discovered numerous instances where, due to small sample sizes, a single failure could have significant financial consequences. For example, a single Verizon failure to arrive on time to install a CLEC service can push a metric from a "0" score indicating full parity into a "minus-2" score indicating a serious failure of parity. Any effort by Verizon to "manage" a slight discrimination against its competitors would be likely to generate penalties based upon the statistical variation inherent in small samples.

Thus for two reasons, the Board was persuaded that Verizon's overall statistical design was satisfactory for present purposes. First, while the measures themselves may be insensitive to Type II error, the consequences of a failure, once sensed, are sufficient to deter any policy by Verizon management of providing wholesale service at less than parity. Second, the uncertainty created by small sample sizes exacerbates Verizon's risk and thus makes any such management strategy even more dangerous.

In concluding that the PAP meets the FCC's standard, the Board had two additional considerations in mind. First, the Board concluded that there is some "consistency" merit to having a PAP that is at least somewhat similar to plans now in effect in other states. The Board anticipates some ultimate benefit in Vermont from work now underway as the New York PAP (for example) continues to evolve. Second, approval has been based upon Verizon's acceptance of a variety of adjustments to the PAP that are described below, and some of those adjustments reduce the likely significance of Type II error.[1]

The Board is open to reconsideration of one related feature of the PAP: the "minus one curing" feature, but does *not* believe this potential should be a basis for denial of Verizon's pending 271 application. The PAP provides generally for three performance scores. A "0" score

17. These actions include increasing the total dollars at risk and re-allocating dollars and metrics to critical measures. Also, although minimally relevant, changing the basis of "minus one curing" mechanism from a prospective measurement of the following two months to a retrospective measurement of the preceding two months should reduce the probability of any "gaming" by Verizon around accepting occasional minus one scores.

indicates compliance with the standard. A "minus-1" score indicates a probable failure, and a "minus-2 score indicates a certain (to 95% confidence) failure. Minus one curing provides that where the raw data show that Verizon has earned a "minus-1" score, this score is changed to a "0" score if the previous two months also contained a "0" score. Verizon asserted that it designed this feature because a "minus-1" score was generally designed to reflect a confidence level of between 79% and 94%. Only if such a score is repeated does Verizon accept that its desired statistical confidence level of 95% has been achieved.

Verizon has committed to providing a report twice a year summarizing the prior six months' "minus-1" scoring changes.[1] The Board will evaluate the minus one curing feature of the plan over the next few months to determine the frequency with which the minus one curing feature is actuated, whether it has a harmful effect on competitors, and whether it should be further modified.

More generally, the Board believes that Type II error can be meaningful and should not be overlooked permanently. The Board has a docket open to establish wholesale service quality standards, Docket 6255. The Board may consider both Type I and Type II issues in that docket, including evaluation of the minus one curing feature.

Dollars at Risk/Allocated/Paid

Verizon originally proposed that $13.83M should be "at risk" under the PAP. This is the annual maximum that might be paid in penalties for sub-standard performance. This amount was based on 36% of Verizon's Vermont net revenue in 2000.

The Department and AT&T argued that 36% was inadequate, and inexplicably less than the 39% approved and adopted in other nearby states. The Board agrees, and Verizon has agreed to increase the total dollars at risk to $14.98M, representing 39 percent of net Vermont revenue. Verizon's acceptance of this condition is reflected in its revised PAP.

The Board's decision here was also influenced by another feature of the PAP. As pointed out by the Department's testimony, it would require extraordinary circumstances for the annual

18. V. Louise McCarren letter, dated January 16, 2002, to Michael H. Dworkin, Chair, Vermont PSB, accepting the Board's conditions for a favorable 271 recommendation. Here, the condition states: "Verizon Vermont will

amount nominally "at risk" under the PAP to be paid out. While there are several ways in which Verizon has limited its risk, one important mechanism is the division of the amount at risk into twelve monthly segments, each comprising a separate liability. Therefore, Verizon would pay the annual maximum liability only if it paid the maximum penalty for twelve months in a row. Recognizing the significance of this feature of the PAP was an additional reason for the Board to request an increase in the amount nominally at risk.

The Board also has a concern about the long-term adequacy of the amount at risk. The Board expects to explore whether the dollars at risk in the PAP should be adjusted by an economic index or escalation factor. This is important for two reasons. First, the dollars at risk currently are fixed, and thus do not reflect inflation. While this is not a major concern over the short run, some sort of PAP might well stay in effect for a long time. Some means will eventually be needed to adjust the plan for inflation. Second, Verizon's competitors may be serving significantly more Vermont customers in the future. When the CLEC market has matured, it will be more important than ever that Verizon provide continued good service to wholesale customers.

Reallocation of Penalty Payments

We noted above that the PAP uses a subset of carrier-to-carrier metrics. These metrics are combined in various ways. One significant combination is known as Mode of Entry ("MOE") analysis. Four such "MOE" categories exist, UNE, Resale, DSL, and Trunks.

Within each MOE, a dozen or more metrics are aggregated, with each carrying a weight in accord with its relative importance. Weighted scores are then aggregated within the MOE categories and compared against a penalty threshold. If the aggregate MOE score does not reach the threshold, no MOE payment is made.

"Critical measures" constitute a much different scoring system. Certain of the PAP measures are deemed "critical measures." These measures directly and individually produce

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provide a report twice a year summarizing the prior six months' -1 scoring changes."

penalty amounts. Such penalties are calculated without aggregation, however, so Verizon's failure on even a single critical measure can produce a penalty.

The Department argued that the efficacy of the PAP is diminished by several features of the plan, notably including the aggregation of performance data in the MOE calculation. Indeed, the Department proposed an alternate methodology, based on the plan in use in Texas, in which each individual failure would generate a payment to a CLEC. As set out in the Declarations, the Department's plan did not appear to fairly balance the harm and the penalties. Thus the Board has not accepted that alternative.

While accepting the overall structure of the PAP, the Board remained concerned that the MOE aggregation feature would make the plan too insensitive. To lessen this concern, the Board requested, and Verizon agreed, to reallocate some funding from MOE into Critical Measures. The reallocation is shown in the table below. The table also illustrates several ways in which the Board has increased Verizon's incentives to avoid anti-competitive behavior in the provision of wholesale DSL services.

	Original Proposal	Final PAP	Difference
Mode of Entry ("MOE")	$3,540,000	$3,146,000	($394,000)
Resale:	472,000	419,467	(52,533)
UNE:	2,124,000	1,887,600	(236,400)
DSL:	472,000	419,467	(52,533)
Trunks	472,000	419,467	(52,533)
Doubling MOE	3,540,000	3,146,000	(394,000)
Critical Measures	3,830,000	5,670,500	1,840,500
Resale:	472,840	567,050	94,210
UNE:	1,891,358	2,268,200	376,842
Trunks:	827,469	1,134,100	306,631
Collocation:	165,494	283,525	118,031
DSL:	472,840	1,417,625	944,785
Special Provisions			
Flow Through	470,000	470,000	0
Hot Cut	1,130,000	1,130,000	0
EDI	850,000	850,000	0
Billing	0	100,000	100,000
Change Control	470,000	470,000	0
Total At Risk	13,830,000	14,982,500	1,152,500

The Board had a separate concern with the PAP allocations. As the PAP was developed in New York and in other states, the custom arose that all penalties would be paid to CLECs. The original rationale apparently was that since the system was designed to promote competition, giving the penalty money to CLECs would help CLECs and thus presumably promote competition. We mentioned above, however, a circumstance in which a one-day OSS failure in Vermont would produce payments that very likely exceed the harm to some or all CLECs. This Board has many times ordered carriers to make compensatory payments to persons harmed by utilities, and it is willing to accept the "compensatory" elements of the PAP as well. "Deterrent" payments, however, are a different matter. Deterrent payments may arise when there is general harm to society, and they should be paid into a fund of general benefit the harmed parties; i.e., the general class of actual and potential customers of competitors. Making all PAP payments to CLECs cannot accomplish this task.

The Board decided to seek a way to direct deterrent money to all Vermont ratepayers, but within the structural limits of the existing PAP. Unfortunately the PAP as designed in New York was not clear about which payments were intended to compensate and which were intended to deter. Upon further inquiry, however, the Board did note an important distinction in the PAP. When MOE payments are made, the money is directed to the CLEC industry at large. By contrast, payments for Critical Measure violations are directed to the CLECs who were actually harmed in a given month. This suggested the possibility of a rough equation between Critical Measure payments and compensation on the one hand, and MOE payments and deterrence on the other.

Accordingly, the Board recommended to Verizon, and Verizon has accepted, that MOE payments will be directed into the Vermont Universal Service Fund established under 30 V.S.A. § 7501 *et seq*. This decision will ensure that MOE payments benefit all Vermont telecommunications users. The USF is an appropriate repository for the money since MOE money is paid when competition generally is impaired, thus harming all telecommunication users. Verizon's customers are harmed as well as a CLEC's, since a recurring lack of service quality by Verizon would be likely to deter entry by competitors and thus would deprive Verizon's customers of the benefits of competition.

Other Changes

The Board requested, and Verizon agreed to, several other changes to the PAP. First, we noted above the Board's interest in enhancing DSL competition by competitors. Consistent with this priority, we recommended, and Verizon accepted, converting several MOE measures for DSL service into "critical measures." These include:

- DSL Loop: MR 3-02 – % Missed Repair Appt.;
- DSL: MR 4-03 – Mean Time to Repair – CO; and
- DSL: PR 6-01 – % Installation Troubles reported within 30 days.

The effect of this change is that if Verizon should fail to meet the standard under any of these measures, Verizon would be required to make some payments to the affected CLECs, without regard to its overall performance on other "MOE" measures.

Second, we also discussed above the PAP feature known as "minus one curing." As originally proposed, minus one curing would have required the collection of data in two *subsequent* months in order to determine whether a "minus-1" score in the current month should be adjusted to a "0" score. This mechanism would have considerably delayed penalty payments. It would also have given Verizon an opportunity to change its behavior after a "minus-1" score had been generated. While improved behavior is the goal of the PAP, the minus one curing feature was designed to reduce statistical uncertainties, not to provide opportunities for gaming. Thus minus one curing was based upon the premise that the current and subsequent months are drawn from the same statistical population, not one in which Verizon had a chance to change its behavior throughout the measurement period.

The Board concluded that the original methodology would have unduly delayed payments and might have caused other harm to CLECs. For this reason, approval was conditioned upon "correcting" a "minus-1" score only where there were "0" scores in the *prior* two months.[1] This change has been accepted by Verizon and is reflected in the current PAP. It speeds payments to affected CLECs by at least two months.

19. We note that it provides the same incentives to Verizon to remedy minus-1s as does the originally proposed PAP.

Third, the Board had some concerns about the form in which Verizon makes PAP payments to CLECs.[1] At the Board's request, Verizon changed the method for such payments. In the past, Verizon could not uniquely identify on a CLEC wholesale bill a credit attributable to a PAP payment. Until this changes, Verizon must make such payments to individual CLECs by sending a timely check. When Verizon can uniquely identify a PAP-payment credit on wholesale bills, it may make payments in the form of bill credits. Even then, if the bill credit exceeds the amount the CLEC owes to Verizon for that period (including any arrearage), Verizon will write a timely check for the difference. This feature significantly increases the commercial value of the payment to CLECs.

Waiver and Exception Process

Verizon's original PAP contained an exception and waiver process whereby Verizon could petition the Board to modify its monthly performance results in the event of 1) "clustering" of data, 2) CLEC-driven behavior, or 3) situations beyond Verizon's control. The Board agrees with the Department that this process could have allowed for undue complication and delay, potentially depriving the PAP of much of its intended compensatory and deterrent effect. The Board therefore proposed, and Verizon accepted, a change that limits Verizon's protection in this area. Under the revised PAP now filed, Verizon may not suspend PAP payments during the pendency of any exception or waiver proceeding that is based on the "clustering" or the "CLEC behavior" rationales.

2. Operational Support Systems

Verizon must provide nondiscriminatory access to its operations support systems ("OSS") functions for pre-ordering, ordering, provisioning, maintenance and repair, and billing. Verizon asserts that its Vermont OSS is the same as that used in Massachusetts.[1] Since the Massachusetts OSS has already been approved by the FCC, Verizon argues that approval of the Vermont OSS should follow.

20. This concern was raised by AT&T and the Department.
21. Verizon Exh. 3 (OSS Dec.), at ¶ 16.

The Board also considered the report of the independent accountants PricewaterhouseCoopers, LLC, which, in accordance with attestation standards established by American Institute of Certified Public Accountants, examined and verified that the OSS and performance metrics reporting are the same in Vermont as in Massachusetts, where they have been found to satisfy the standards for compliance with Section 271(c).[1] No parties have raised concerns regarding the PricewaterhouseCoopers attestation, and the Board accepts the sufficiency of the Verizon OSS.

22. See Verizon Exh. 4., the Joint Declaration, and the associated Attachment.

The Department and CTC did, however, raise questions regarding Verizon's wholesale billing practices. CTC claimed that applicable discounts had not been applied to bills and that certain charges had been mislabeled or not applied at all.[1] CTC has also raised some concerns regarding the timeliness of Verizon's claim resolution process.[1] The Department expressed concerns regarding Verizon's billing accuracy and the timeliness of resolving billing disputes.[1]

After reviewing the testimony and exhibits, the Board concluded that many of the concerns raised by the Department and CTC concerning the accuracy and timeliness of Verizon's billing process are valid and could, in some instances, present significant problems for competitors. However, while there are problems with Verizon's billing system, these problems are not systemic, nor do they constitute a barrier to meaningful competition.

To ensure that these problems do not occur in the future, Verizon has already begun or has agreed to put in place measures to correct many of these problems. Others have been addressed in the new PAP.

- Verizon will institute a document retention policy pursuant to which each written internal or external communication regarding CLEC wholesale billing disputes in Vermont is retained and retrievable for five years from the date that each such document is created.
- As noted above, Verizon will include an additional "Special Provision" category in its Performance Assurance Plan for billing metrics. The sum of $100,000.00 is allocated annually under the revised PAP for this Special Provision.

5. Competitive Checklist

A. Interconnection (Checklist Item 1)

23. CTC Exh. 1, at ¶¶ 26, 28–29.
24. CTC Exh. 1, at ¶¶ 32, 34.
25. Id. at ¶¶ 21–22.

Verizon submitted lengthy declarations concerning its compliance with this checklist item. Most of the assertions therein were uncontested.

CTC sponsored testimony asserting that Verizon had improperly demanded payment of non-recurring charges for collocation arrangements. CTC also asserted that Verizon improperly attempted to impose recurring charges for terminated collocation arrangements. The Board examined both CTC and Verizon witnesses on this topic and allowed cross-examination of all witnesses.

CTC ordered approximately 126 collocation sites in six states. The central issue here was the adequacy of CTC's efforts to terminate two of those collocation orders in Vermont. CTC asserts that it verbally cancelled orders for these sites in April, 2000.[1] Verizon asserts that CTC did not cancel one site until December 19, 2000, and the other until May 8, 2001. Related issues include whether Verizon adequately disclosed the requirements for cancellation to CTC, whether Verizon issued a letter of instruction to CTC at variance with its tariffs and practice, whether Verizon ever granted occupancy to CTC, whether CTC is obligated to pay nonrecurring charges for work done by Verizon on a collocation site that CTC ultimately did not accept and occupy, whether CTC is obligated to pay recurring charges on a collocation site to which it has not received access, and whether Verizon issued timely bills for recurring and nonrecurring charges. A parallel set of issues involve whether and when Verizon has an obligation to show CTC supporting papers that document work completion at collocation sites and whether CTC made timely demands for access to such papers.

After the events in issue, Verizon adopted a standard form by which CLECs may reduce or terminate collocation orders. This should avoid at least some similar disputes in the future.

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26. CTC did not produce any written confirmation of this alleged event, either in the form of a copy of a letter sent to Verizon or in the form of written memoranda exchanged among CTC staff.

The Board recognizes the importance of this dispute to both parties, but the Board also concludes that this docket is not the appropriate forum. Existing procedures are adequate to resolve it.[1] The testimony and exhibits offered by CTC do not support a finding or conclusion that Verizon is failing to provide interconnection in accordance with the requirements of checklist item 1. The sole exception is that the Board does have some concern about the time taken in resolving wholesale billing disputes. The Board has required additional components in the Verizon Performance Assurance Plan; this issue is described in more detail above.

In conclusion, Verizon meets the requirements of checklist item 1.

1. Access To Unbundled Network Elements (Checklist Item 2)

Verizon submitted lengthy testimony on its compliance with this checklist item. Most of the assertions therein were uncontested.

The DPS filed testimony suggesting that high one-time charges for DSL loops may be contributing to the low level of competition in deploying DSL service in Vermont. The DPS recommended a downward adjustment of one-time DSL charges by 25 percent. Verizon has agreed to reduce by 25% the following, currently effective, nonrecurring charges related to the provision of DSL services: removal of load coils (less than 21 kft and less than 27 kft); removal of bridged taps (one tap per link and multiple taps per link); engineering query; and engineering work order. Conditioned upon this decision, the Board is supporting Verizon's application. The Board has received an SGAT modification in accord with this condition.

WorldCom suggested that the UNE switching price for certain local calls should be reduced. Under Verizon's SGAT, a customer pays $0.004003 per minute. WorldCom proposed that Vermont adopt the switching rates recommended by a New York Administrative Law Judge. WorldCom also recommended that Verizon be required to eliminate applying the switching

27. Since CTC alleges, among other things, a violation of Verizon FCC tariff No. 11, the FCC may also have some concurrent jurisdiction over this dispute.

charge twice for an intra-office call,[1] a policy that they assert has been adopted in Massachusetts, New York, and Rhode Island. For several reasons, the Board has decided not to accept these WorldCom recommendations.

28. The tariff term for this is an "intra-entity" call.

The Board is not now requiring Verizon to reduce its overall switching rate. Vermont UNE rates were set using TELRIC principles in a separate proceeding, and approved by this Board in Docket 5713.[1] While these rates are somewhat higher than rates in some states, they are lower than in some other rural states, such as Maine and West Virginia.[1] Third, even if UNE switching prices may be somewhat high, we note that UNE loop costs in Vermont are quite low, thus suggesting that competitors do not face an unreasonably difficult economic challenge overall.[1]

The Board also declined to ask Verizon to alter its policy as to UNE switching charges for intra-office calls. First, as noted above the existing rates were set in Docket 5713, which was a fully litigated proceeding. Second, the record here is not sufficient to support a conclusion of cost equality between intra-office and inter-office calls.[1] While some portions of the switch may be used once for an intra-office call, other portions of the switch may indeed be used twice for such a call. Thus, to charge twice for an intra-office call may produce a rate that is too high, but at the same time to charge no premium whatever may produce a rate that is too low. Accepting WorldCom's recommendation would require more analysis than is supported by the current record. We emphasize that we have not formed a conclusion that the rates should be different, only that the evidence here does not support a conclusion that they must, necessarily, be identical. Thus despite the fact that other nearby states have adopted policies either allowing or mandating equal rates for intra-office and inter-office calls, we have declined to do so here.

In conclusion, Verizon meets the requirements of checklist item 2.

2. Access to Poles, Ducts, Conduits and Rights-of-Way (Checklist Item 3)

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29. Docket 5713, Order of 8/23/00.
30. Exhibit DPS 3 (DPS-BCO-1)
31. A UNE loop can be obtained for $7.72 per month in Zone 1 and $8.35 in Zone 2.
32. WorldCom did not offer any direct testimony on the nature of switching costs, but relied upon cross

This item requires the Bell operating company to provide nondiscriminatory access to its poles, ducts, conduits, and rights-of-way at just and reasonable rates, pursuant to Section 224 of the Act. Verizon submitted lengthy testimony on its compliance with this checklist item. Most of the assertions therein were uncontested.

examination.

Section 224 provides for FCC regulation of attachment rates, terms, and conditions except where the State has acted. Vermont has elected to adopt a rule governing attachments to utility poles by other regulated companies. That rule was fully reviewed and substantially amended by the Board during 2001.[1] The Vermont rule assures non-pole-owning public service companies, including competitive telecommunications carriers, that they may obtain nondiscriminatory access to poles and rights-of-way, at just and reasonable rates.[1]

Verizon duly filed a revised pole attachment tariff. Verizon's tariff filing contained a limitation on the number of poles that may be included in a single application. Applications requesting more than 200 lines would be rejected under this tariff. The Board viewed this tariff as imposing an unreasonable burden on facilities-based carriers. Verizon has removed the 200 pole limit from its tariff filing.

The Department had numerous other objections to both the form and the substance of the revised tariff. The Board has, however, decided that none of these need be resolved as a condition of section 271 approval. The Board has sufficient authority over Verizon to require it to bring its tariff into compliance with the Board's rule. Technical hearings have already been held in a docket opened for that purpose, and Verizon has conceded the Board's jurisdiction in this matter. For these reasons, the Board is satisfied that Verizon has met Checklist Item 3.

3. Local Loop Transmission From The Central Office To The Customer's Premises, Unbundled From Local Switching And Other Services (Checklist Item 4)

Verizon must provide or offer to provide local loop transmission from the central office to the customer's premises, unbundled from local switching or other services. Verizon submitted

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33. Public Service Board Rule 3.700.

34. Access to ducts and conduits remains regulated under the FCC's rule 1.1400 *et seq.*; no party has complained, either in this proceeding or in last year's rulemaking, that Verizon has unreasonably denied access to its ducts and conduits.

lengthy testimony on its compliance with this checklist item. Most of the assertions therein were uncontested.

The Department challenged Verizon's unbundled subloop practices, arguing that they "substantially undermine" this offering for CLECs.[1] Specifically, the Department contended that Verizon "does not readily provide information about the location of remote terminals, making it difficult and expensive for the CLEC to do so."[1] In addition, the Department asserted that Verizon "has no set price for this 'remote terminal serving address inquiry,' setting them on an individual case basis."[1] The Department argued that Verizon should be required to "provide information to CLECs on the location of its remote terminals and their geographic serving areas at a reasonable cost and without undue delay." *Id.* at 5.

At the time of hearings, Verizon was working on a project that should largely address these concerns. The program was a new "Central Office Remote Terminal" ("CORT") inquiry. Using this method, a CLEC provides the name of a wire center. Verizon's CORT response includes the names and addresses of remote terminals.[1] This report, which is expected to be available in February, 2002,[1] should provide complete remote terminal information to competitive carriers.

At the request of the Department, Verizon has agreed to make additional efforts to inform competitors of the availability of the CORT mechanism. No later than March 1, 2002, Verizon has agreed to: (1) notify all CLECs collocated in Verizon central offices (as of the date of the notice) of the availability of the CORT inquiry service, and (2) amend the form that Verizon requires CLECs to use to request a Central Office Remote Terminal CORT inquiry to include specific sections or provisions for the CORT inquiry requested. In addition, Verizon will amend its SGAT to provide that Verizon will limit its current time-and-materials based charge for a CORT inquiry to no more than $526.11 per central office, per inquiry. This cost limitation will

35. DPS Exh. 4 (Campbell Declaration), at 3.
36. *Id.* at 4.
37. *Id.*
38. Tr. 11/30/01, at 61–62.
39. *Id.* at 70.

remain in effect until Verizon proposes, and the Board approves or allows to go into effect, a specific charge for the CORT inquiry based on a cost study.

Based upon these conditions, the Board believes that Verizon is in compliance with Checklist Item 4.

4. Unbundled Local Transport (Checklist Item 5)

Verizon submitted lengthy testimony on its compliance with this checklist item. Most of the assertions therein were uncontested.

CTC claimed that Verizon does not meet the requirements of checklist items 2, 4 and 5 because Verizon does not provide dark fiber at any technically feasible point and on reasonable terms.[1] The principal objection was that Verizon will not provision dark fiber transport through intermediate offices where direct routes are not available and in situations where access would require splicing at the intermediate office. CTC presented testimony on this point, as did Verizon, and witnesses were cross-examined on the record.

CTC showed that there are substantial differences in Verizon's dark fiber policy among several northeastern states, including New Hampshire, Massachusetts, Rhode Island and New Jersey. The Board agrees that Verizon does provide substantially better dark fiber service in some other nearby states than is provided in Vermont. This includes providing more information to competitors concerning the availability of dark fiber, reserving a smaller proportion of dark fiber as spares, repair procedures, and the willingness to provide splices at central offices without requiring the competitor to collocate at that office. At least some of these policies have significant effects on CTC's ability to obtain dark fiber transport. Notably, CTC showed that

40. All dark fiber issues presented by CTC are discussed here under checklist item 5.

only 12 percent of its recent dark fiber requests in Vermont were accepted,[1] whereas in at least one other Verizon jurisdiction the availability ratio is much higher.[1]

The Board concludes that most of CTC's dark fiber issues are unsuitable for resolution at this time. While CTC reported with great thoroughness the actions of several other states, more is required. On most dark fiber issues we conclude that there are still important policy and factual questions that cannot be resolved from evidence directly on this record. For example, the decision to allow CLEC employees access to Verizon's fiber distribution frames is a complex issue that requires a balancing of several goals, and the question should not be resolved simply by adopting the result of another state commission's orders. Similarly, requiring Verizon to interconnect fiber at central offices where a CLEC is not collocated raises technical issues that have not been fully explored here, such as signal degradation, treatment of multi-fiber bundles, and the need for amplification.

41. Tr. 11/30/01 at 131–132.

42. E.g., the ratio in Massachusetts appears to be 35 percent. Verizon Response to Record Request #8, Nov. 30, 2001.

Accordingly, the Board has decided that a broad array of policy questions regarding dark fiber can, if necessary, be pursued in a separate proceeding.[1] The Board may wish to consider requiring Verizon to expand competitor access to fiber distribution frames, to splice dark fiber for competitors who are not collocated at a central office, to limit the quantity of fiber that is reserved for maintenance spares and for future growth, to require Verizon to perform more or better maintenance on competitors' dark fiber, to set standards for listing dark fiber in inventory, and to set standards for when and how dark fiber is reported to be unavailable. The Board has state law authority to take these actions, and need not depend upon the terms of the Act to undergird such policies.

The Board requested and has obtained one clarification of Verizon's current dark fiber policies. If a CLEC must submit multiple inquiries for routing of dark fiber between particular originating and terminating points, Verizon will assess a per-circuit record review charge only for such circuit or circuits where dark fiber is actually ordered. Thus, even though Vermont CLECs may experience a high rejection rate for their dark fiber applications, it will be Verizon and not the CLECs that will be burdened with paying the costs of researching the availability of routes in the high proportion of cases where fiber ultimately is not available to the CLEC.

For the purposes of this docket, under Section 271, it is critical to note that Verizon's dark fiber offerings in Vermont are the same as or similar to those in New York and Pennsylvania, states in which the FCC has already determined Verizon to be in compliance with checklist item 5. We also note that CTC and Verizon are in negotiations for a new interconnection agreement.[1] If the parties are unable to reach agreement, the Board may be able to address many of these dark fiber issues soon in an arbitration proceeding under the terms of the federal act.

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43. The precise timing of a dark fiber docket will depend on availability of staff at the Board and at the Department.

44. Negotiations began in late October of 2001. The arbitration window under Section 252(b)(1) expires in early March of 2002. Tr. 12/30/01 at 198–99.

Therefore, having expressed the intention of examining several dark fiber issues in more detail, the Board concludes that Verizon meets the requirements of checklist item 5.

5. Unbundled Local And Tandem Switching (Checklist Item 6)

Verizon submitted lengthy declarations concerning its compliance with this checklist item. All of the assertions therein were uncontested. The Board therefore concludes that Verizon has met the requirements of checklist item 6.

6. Access To E-911, Directory Assistance, and Operator Services (Checklist Item 7)

Verizon submitted lengthy declarations concerning its compliance with this checklist item. All of the assertions therein were uncontested. The Board therefore concludes that Verizon has met the requirements of checklist item 7.

7. White Pages Directory Listings (Checklist Item 8)

Verizon submitted lengthy declarations concerning its compliance with this checklist item. All of the assertions therein were uncontested. The Board therefore concludes that Verizon has met the requirements of checklist item 8.

8. Nondiscriminatory Access To Telephone Numbers (Checklist Item 9)

Verizon submitted lengthy declarations concerning its compliance with this checklist item. All of the assertions therein were uncontested. The Board therefore concludes that Verizon has met the requirements of checklist item 9.

9. Databases And Signaling (Checklist Item 10)

Verizon submitted lengthy declarations concerning its compliance with this checklist item. All of the assertions therein were uncontested. The Board therefore concludes that Verizon has met the requirements of checklist item 10.

10. Number Portability (Checklist Item 11)

Verizon submitted lengthy declarations concerning its compliance with this checklist item. All of the assertions therein were uncontested. The Board therefore concludes that Verizon has met the requirements of checklist item 11.

11. Local Dialing Parity (Checklist Item 12)

Verizon submitted lengthy declarations concerning its compliance with this checklist item. All of the assertions therein were uncontested. The Board therefore concludes that Verizon has met the requirements of checklist item 12.

12. Reciprocal Compensation (Checklist Item 13)

Verizon submitted testimony on its compliance with this checklist item.[1] Most of the assertions therein were uncontested.

The Department asserted that Verizon and one of its competitors, ABS, have an on-going dispute about whether Reciprocal Compensation applies to internet-bound traffic. As a result, ABS has petitioned the Board to direct Verizon to pay reciprocal compensation for this traffic based upon the present interconnection agreement and its predecessor. The Board is reviewing this issue in Docket 6566, with evidentiary hearings scheduled for the week of February 21, 2002. Based on the existence of this dispute, the Department argued that the Board cannot at this time affirmatively determine that Verizon has met Checklist Item 13.

Except for the ABS/Verizon dispute, Verizon's assertions that it meets checklist Item 13 are uncontested, and we accept them. For several reasons, we also conclude that the existence of the existing ABS/Verizon dispute does not cause us to question Verizon's compliance with this checklist requirement. First, the mere existence of a dispute does not suggest that Verizon is failing to meet the Act's requirements. At this time, the dispute appears to be a good-faith disagreement between the parties to the interconnection agreements as to the proper treatment of traffic under the agreements. There is no evidence that Verizon has deliberately acted in an anti-

45. Verizon Checklist Declaration, ¶¶ 382–385.

competitive manner. Second, the dispute is not widespread, but affects only one competitor. The Board therefore concludes that Verizon has met the requirements of checklist item 13.

13. Resale (Checklist Item 14)

Verizon submitted lengthy declarations concerning its compliance with this checklist item. All of the assertions therein were uncontested. The Board therefore concludes that Verizon has met the requirements of checklist item 14.

6. Conclusion

Based upon the preceding discussion, the Vermont Public Service Board supports Verizon's application under Section 271 of the Communications Act for authority to provide in-region inter-LATA service. All conditions imposed by the Board have already been complied with by Verizon.

Dated at Montpelier, Vermont, this 6th day of February, 2002.

s/ Michael H. Dworkin)	
)	PUBLIC SERVICE
)	
s/ David C. Coen)	BOARD
)	
)	OF VERMONT
s/ John D. Burke)	

OFFICE OF THE CLERK

FILED: February 6, 2002

ATTEST: s/ Susan M. Hudson
Clerk of the Board

NOTICE TO READERS: This decision is subject to revision of technical errors. Readers are requested to notify the Clerk of the Board (by e-mail, telephone, or mail) of any apparent errors, in order that any necessary corrections may be made. (E-mail address: Clerk@psb.state.vt.us)

APPENDIX A. PARTIES

- The Vermont Department of Public Service ("Department");
- AT&T Communications of New England, Inc. ("AT&T");
- CTC Communications Corp. ("CTC");
- National Mobile Communication Corporation d/b/a SoVerNet Communications and SoVerNet, Inc. ("Sovernet");
- Adelphia Business Solutions of Vermont, Inc. ("ABS");
- Sprint Communications Co., LP ("Sprint");
- Z-Tel Communications, Inc.;
- the Association of Communications Enterprises ("ASCENT");
- WorldCom, Inc. ("WorldCom");
- City of Burlington.

APPENDIX B. PRIOR BOARD DECISIONS

The following discussion summarizes several important decisions the Board made previously on issues vital to a competitive market. Our previous rulings, and Verizon's compliance with them, form a part of the basis for our recommendation.

Unbundling Principles

- The Board conducted a comprehensive evaluation of telecommunications competition in the state of Vermont in Docket 5713, which commenced in 1995. The Board established the basic requirement that Verizon offer unbundled network elements on a non-discriminatory basis.[1] The Board required Verizon to unbundle the link, end-office switching, interoffice transport, tandem switching, and signaling. The Board also mandated that Verizon make available specific elements upon request if technically feasible and adequate demand existed.[1]
- The Board also required Verizon to offer unseparated combinations of UNE elements such that where a set of existing individual network elements already served a single customer, that same set were offered to CLECs in a way that permits them to be purchased in groups.[1] Verizon subsequently complied with this mandate by including the "UNE Platform" in its SGAT.

Pricing

- The Board required that the pricing of unbundled network elements be based upon the total service long-run incremental cost ("TSLRIC") of the elements, adjusted to account for some joint and common costs.[1] The Board subsequently adopted the

46. *Investigation into NET's Tariff Filing Re: Open Network Architecture including the unbundling of NET's networks, expanded interconnection, and intelligent networks in re: Module 1*, Order of 5/29/96 ("Docket 5713 First Order").
47. Docket 5713 First Order at 19–24.
48. Docket 5900, Order of 6/29/99 at 100–101.
49. Docket 5713 First Order at 28–47; Docket 5700/5702, Order of 10/5/94 at 128.

TELRIC methodology enunciated by the FCC for use in cost studies, finding that it was essentially the same as the methodology the Board had earlier ordered.[1]

- Verizon prepared cost studies consistent with the TELRIC methodology adopted by the Board. These rates are currently embodied in the Company's SGAT, which the Board has permitted to take effect, and in interconnection agreements.[1]
- Under direction from the Board,[1] Verizon geographically de-averaged its UNE rates.

50. Docket 5713, Order of 2/4/00 at 10–12.

51. Verizon's UNE rates in Vermont are lower than those it offers in most New England states, despite the fact that Vermont is a high-cost state.

52. Docket 6318, Order of 10/12/00.

- As part of its arbitration of an interconnection agreement between Verizon and AT&T, the Board established Verizon's resale discounts.[1] These discounts are now included in the SGAT.
- To prevent price squeezes, the Board established an imputation rule, which established a price floor for Verizon retail services. The Board requires Verizon to charge, at a minimum, the wholesale price of the service that Verizon charged to its competitors, plus the incremental costs that Verizon incurs to provide the service to itself.[1]
- The Board has subsequently clarified that applicability of the imputation standard. In reviewing several Verizon special contracts, the Board reaffirmed the imputation standard and required that Verizon continue to impute the wholesale price of the unbundled network elements even when competitors used their own facilities (and thus the Verizon element was no longer monopoly). The Board also clarified that Verizon must impute the incremental costs of the applicable service, not a particular contract.[1]
- On March 24, 2000, the Board approved an incentive regulation plan for Verizon. As a condition of approval, the Board again required Verizon to comply with price floor rules, consistent with the previously adopted imputation rule.[1]
- The imputation requirement, applied on a service-by-service basis, ensures that Verizon does not create a price squeeze for its competitors.

Dialing Parity

- On August 20, 1997, the Board ordered Verizon to implement IntraLATA pre-subscription effective November 1997.[1] Verizon complied with that Order.

Verizon's continued compliance with the rulings and principles in these cases is a necessary part of its participation in an open and competitive market in local service.

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53. *Petition of New England Telephone and Telegraph Company, for Arbitration Pursuant to §§ 252(b) of the Telecommunications Act of 1996 to Establish an Interconnection Agreement with AT&T AND Petition by AT&T Communications of New England, Inc. for Arbitration Under the Telecommunications Act of 1996*, Docket 5906, Order of 12/4/96.

54. Docket 5700/5702, Order of 10/5/94 at 122; Docket 5713, Order of 5/29/96 at 48–49.

55. *Investigation into three special contracts filed by New England Telephone and Telegraph Company d/b/a Bell Atlantic-Vermont*, Docket 6077, Order of 2/8/00.

56. *Investigation Into Alternative Regulation Plan*, Docket 6167, Order of 3/20/00 at 110–112.

57. Docket 5713, Order of 8/20/97.